
CVSP Fiscal Impact Analysis Session: 1

Presented to
Coyote Valley Specific Plan Task Force

by
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Background Information

What is a fiscal impact?

Taxes and fees generated from the Project
MINUS
On-going annual cost to service the Project
EQUALS
Fiscal surplus or deficit

****Fiscal impact analysis deals with on-going
O&M cost only, NOT capital costs**

Key Components of General Fund Revenues & Expenditures

- GF Revenues= taxes and fees (property tax, sales tax, utility tax, franchise fee, etc.)
- GF Expenditures = on-going service costs (fire, police, transportation, parks, library, etc.)

Purpose of the Study

- Determine if taxes generated by Coyote Valley development equal or exceed cost of municipal services
- Identify requirements for fiscal self sufficiency on on-going basis
- Assess fiscal implications of jobs-to-housing concurrency scenarios
- NOT a citywide budget forecast

Fiscal Dynamics of New Development

- Requires mostly new public facilities and service units
- Less ability to utilize existing service capacities
- May have different service standards than established areas of City
- Services go early, tax base grows over time
- Ability to create strong tax base with all new development, active markets, higher densities, mixed-use
- Ability to implement mitigation measures

Concurrency Scenarios

1. **Strict concurrency**: 2:1 jobs/housing from day one
2. **Phased concurrency**: up to 5,000 units, then no additional units until 10,000 jobs
3. **Trigger**: 5,000 jobs first, then market-based development
4. **Placemaking**: market-based development until major infrastructure in place, then 2:1 jobs/housing
5. **Employment jumpstart**: 3,000 jobs for 3,000 units; units cap at 10,000 until 15,000 jobs

Summary of Project Description

- 26,500 Housing Units
- 15.7 million SqFt of Workspace
- 1.6 million SqFt of Retail
- 71,600 residents
- 51,900 non-retail jobs
- 4,400 retail jobs
- 322 park acres
- 53-acre lake

Overall Approach & Methodology

- Consider innovative service delivery models
 - Shared facilities, co-location, private contracts
- Case study approach
 - Department interviews
 - Project-specific values, absorption, etc.
- Average estimates
- Dynamic time-series model (Yrs 1 - 58)

Service Delivery Models and Cost Assumptions

Overall Cost Assumptions

- Historical rate of growth in costs
- Service levels at or above current citywide averages
- No private funding assumed

Fire Department

- Buildout service level
 - 63 fire fighters
 - 2 fire stations (each w/ an engine & truck)
- Timing of service
 - First station when population > 10% of buildout level
 - Second station when population > 36,000
- Major cost item: \$120,000 per fire fighter
- Buildout cost: \$14.6 million/year*

*In constant 2006 dollars, with 1% real appreciation

Police Department

- Buildout service level
 - 60 officers
 - A community police center
- Timing of service
 - 9 officers providing a 24-hour shift from “day one”
 - Increase in officer demand proportional to population growth
- Major cost item: \$125,000 per officer
- Buildout cost: \$14.8 million/year*

*In constant 2006 dollars, with 1% real appreciation

Transportation Department

- Buildout service level
 - 86 miles of roads and related infrastructure
- Timing of service
 - Dictated by pace of development
- Major cost item: maintenance at \$89,600/road mile
- Buildout cost: \$13.5 million/year*

*In constant 2006 dollars, with 1% real appreciation

Library Department

- Buildout service level
 - 22 FTEs
 - 30,000 to 35,000 SqFt library
- Timing of service
 - Built when population > 10,000
 - Occupied incrementally based on population growth
- Major cost items: \$72,000/FTE
- Buildout cost: \$4 million/year*

*In constant 2006 dollars, with 1% real appreciation

PRNS Department

- Buildout service level
 - 322 park acres
 - 60,000 SqFt community center w/ aquatic facility
- Timing of service
 - Park acres dictated by pace of development
 - Community center when population > 15% of buildout level
 - Aquatic facility when population > 25% of buildout level
- Major cost items: park O&M (\$15K/acre) and community center O&M
- Buildout cost: \$15.8 million/year*

*In constant 2006 dollars, with 1% real appreciation

Lake Maintenance

- Buildout service level
 - 53-acre lake maintenance
- Timing
 - Lake built within first 7 years for all scenarios
- Cost
 - Buildout cost of \$2.2 million/year*

*In constant 2006 dollars, with 1% real appreciation

Other General Fund Costs

- Cost based on citywide average
 - General Government
 - General Services
 - Planning

General Fund Expenditures Over time: Trigger Scenario

Item	Buildout	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50
General Government	\$1,540,961	\$12,298	\$179,577	\$647,448	\$1,053,365	\$1,208,413	\$1,384,374
Fire	\$14,663,336	\$0	\$4,547,543	\$10,046,634	\$11,097,734	\$12,258,803	\$13,541,345
Police	\$14,828,134	\$1,287,747	\$1,790,197	\$7,002,483	\$11,222,459	\$12,396,577	\$13,693,533
General Service	\$2,266,744	\$18,091	\$264,157	\$952,391	\$1,549,494	\$1,777,568	\$2,036,405
Transportation	\$13,514,320	\$0	\$2,495,739	\$7,283,067	\$10,228,118	\$11,298,206	\$12,480,248
Library	\$4,002,618	\$0	\$547,061	\$1,476,937	\$3,029,324	\$3,346,258	\$3,696,351
Park, Recreation & Neighborhood Services	\$15,815,882	\$0	\$2,204,118	\$9,593,132	\$11,185,315	\$12,788,949	\$14,366,329
Planning, Building & Code Enforcement	\$758,279	\$6,052	\$88,367	\$318,597	\$518,342	\$594,638	\$681,225
Lake Maintenance	<u>\$2,152,245</u>	<u>\$0</u>	<u>\$1,334,952</u>	<u>\$1,474,618</u>	<u>\$1,628,895</u>	<u>\$1,799,314</u>	<u>\$1,987,562</u>
General Fund Expenditures	\$69,542,519	\$1,324,188	\$13,451,714	\$38,795,307	\$51,513,048	\$57,468,726	\$63,867,371

Sources: City of San Jose; Economic & Planning Systems, Inc.

Revenue Assumptions

Overall Assumptions

- Long-term historical rate of growth in residential property value
- No real growth assumed for non-residential properties
- No real growth assumed for income or energy
- Affordable housing (working assumptions)
 - 1,000 for-sale
 - 4,000 rental (tax exempt)

Property Tax

- Key assumptions:
 - 1% of total assessed value
 - 11% allocation to the City
 - Property value based on EPS market study
 - Unsecured property tax based on current revenue/job
- Buildout revenue: up to \$81 million/year

Sales tax

- Key assumptions
 - Household income based on housing price
 - Retail spending based on household & office worker spending pattern surveys
 - Typical retail sales volume/SqFt
 - Business to business sale based on Edenvale area average
- Buildout revenue: \$5.9 million/year

Other taxes/fees

- Property tax in-lieu of VLF:
 - Based on percentage of growth in the City AV
 - Buildout revenue up to \$36 million/year
- Utility tax
 - Based on citywide average
 - Buildout revenue of \$5.9 million/year
- Franchise Fee
 - Based on citywide average
 - Buildout revenue of \$2.9 million/year

Other General Fund Revenues

- Business tax
- Fines, forfeitures and penalties
- Motor vehicle license fee
- Gas tax transfer
- Construction and conveyance tax transfer (park O&M use)
- Library parcel tax for O&M use (sunset 2014)

General Fund Revenues Over Time: Trigger Scenario

Item	Buildout	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50
Property Tax	\$75,793,266	\$483,047	\$5,575,480	\$22,587,709	\$39,516,490	\$50,049,024	\$63,100,197
Property Tax In-lieu of VLF	\$33,378,557	\$166,932	\$2,395,110	\$9,919,316	\$17,409,163	\$22,021,622	\$27,766,934
Sales Tax	\$5,858,186	\$65,228	\$931,156	\$3,223,137	\$5,185,315	\$5,428,738	\$5,672,161
Franchise Fees	\$2,868,693	\$38,794	\$538,977	\$1,759,176	\$2,591,015	\$2,690,869	\$2,790,723
Utility Users Tax	\$5,873,124	\$79,424	\$1,103,456	\$3,601,590	\$5,304,629	\$5,509,062	\$5,713,495
Business Tax	\$1,265,824	\$78,375	\$188,574	\$438,575	\$690,070	\$897,114	\$1,104,157
Fines, Forfeitures, and Penalties	\$87,091	\$0	\$17,171	\$59,582	\$87,091	\$87,091	\$87,091
Motor Vehicle License Fee	\$425,293	\$0	\$83,852	\$290,959	\$425,293	\$425,293	\$425,293
Gas Tax Transfer	\$1,183,088	\$0	\$233,260	\$809,394	\$1,183,088	\$1,183,088	\$1,183,088
Construction & Conveyance Tax Transfer	\$2,097,581	\$27,753	\$481,623	\$979,151	\$1,103,048	\$1,389,424	\$1,749,194
Library Parcel Tax for O&M Use	\$0	\$208	\$0	\$0	\$0	\$0	\$0
Total	\$128,830,703	\$939,761	\$11,548,658	\$43,668,590	\$73,495,204	\$89,681,325	\$109,592,334

Sources: City of San Jose; Economic & Planning Systems, Inc.

Summary of Results

Fiscal Impact

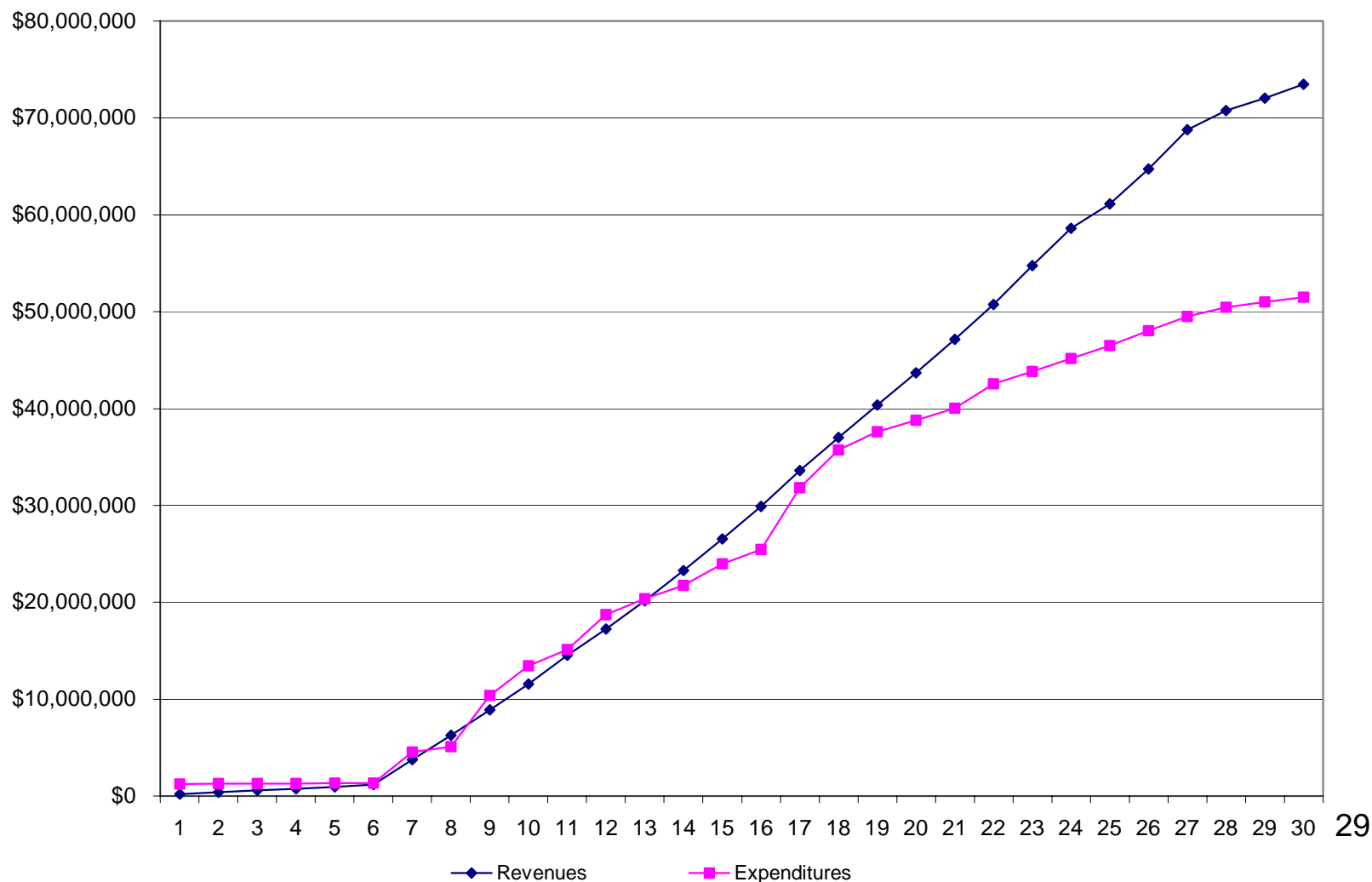
- Fiscal surplus of \$57 to \$68 million by buildout
- Fiscal deficit expected in the early years
 - 10 to 17 years
- Potential fiscal mitigation measures:
 - Landscape and Lighting Districts
 - Other Maintenance Districts
 - Mello-Roos CFDs
 - Homeowner Association Fees
 - Developer endowment

General Fund Fiscal Balance Over Time: Trigger Scenario

Item	Buildout	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50
General Fund Revenues	\$128,830,703	\$939,761	\$11,548,658	\$43,668,590	\$73,495,204	\$89,681,325	\$109,592,334
General Fund Expenditures	\$69,542,519	\$1,324,188	\$13,451,714	\$38,795,307	\$51,513,048	\$57,468,726	\$63,867,371
Net Fiscal Balance	\$59,288,184	(\$384,427)	(\$1,903,056)	\$4,873,283	\$21,982,156	\$32,212,600	\$45,724,963

Sources: City of San Jose; Economic & Planning Systems, Inc.

General Fund Revenues vs. Expenditures: Trigger Scenario (Yrs 1-30)



Questions/Comments